



**AGENDA ITEM:** 7 **AMENDED**  
**MEETING DATE:** 2/29/2016  
**TO:** City Council  
**FROM:** Brent Worthington, Finance Department  
**PRESENTER:** Karen Rees, Interim Human Resources Director

**TITLE:**  
An Ordinance On First Reading Enacting A Supplemental Budget And Appropriation To The 2015 City Of Loveland Budget For A General Fund Contribution To The Employee Benefits Fund

**RECOMMENDED CITY COUNCIL ACTION:**

Adopt the action on First Reading.

**OPTIONS:**

1. Adopt the action as recommended.
2. Deny the action. The Employee Benefits Fund will be negative in 2015.
3. Adopt a modified action. (specify in the motion)
4. Refer back to staff for further development and consideration. Due to the timing of closing 2015, if this action is referred back to staff for further development and consideration it will not be able to be processed for 2015.

**SUMMARY:**

The Employee Benefits Fund ended 2015 negative due to higher claims than expected in the months of November & December. In order to correct the shortfall, an appropriation of \$610,000 is needed. The total \$5,342,782 General Fund contribution to the Employee Benefits Fund will not change, but the timing of the contribution will.

**BUDGET IMPACT:**

- Positive  
 Negative  
 Neutral or negligible

The requested appropriation will reduce the 2015 ending General Fund unassigned fund balance by \$610,000 and increase the projected ending 2016 General Fund unassigned fund balance by \$610,000.

**BACKGROUND:**

The initial analysis of the Employee Benefits Fund conducted in early 2015 identified a declining trend in fund balance that was anticipated to be drawn completely down in 2016. Due to higher claims than anticipated late in 2015 the fund drawdown occurred earlier than expected.

The cause of the negative balance was a timing difference between the City paying certain claims reimbursable under the stop-loss coverage and receipt of the reimbursement. The claims were booked as an expense in 2015; the cash will be received in 2016. (To date, \$400,392 has been

received; an additional \$1,019,320 is pending). Therefore, there will be no net negative effect on the fund balance in the Benefits Fund.

This appropriation requests that \$610,000 be transferred from the General Fund to the Employee Benefits Fund for FY 2015.

In 2016, \$5,342,782 is already appropriated to be transferred from the General Fund to the Employee Benefits Fund. This ordinance will enable the General Fund to pay \$610,000 in 2015 and reduce the 2016 contribution to \$4,732,782.

The State's Local Government Budget Law of Colorado authorizes the City Council to adopt this action. Section 29-1-112 "Payment for Contingencies" states, "In case of an emergency and the passage of an ordinance or resolution authorizing additional expenditures in excess of the appropriation as provided in section 29-1-111 and if there is money available for such excess expenditure in some other fund or spending agency which will not be needed for expenditures during the balance of the fiscal year, the governing body shall transfer the available money from such fund to the fund from which the excess expenditures are to be paid. If available money which can be so transferred is not sufficient to meet the authorized excess expenditure, then the governing body may obtain a temporary loan to provide for such excess expenditures. The total amount of the temporary loan shall not exceed the amount which can be raised by a two-mill levy on the total assessed valuation of the taxable property within the limits of the local government of such governing body."

---

**REVIEWED BY CITY MANAGER:**



---

**LIST OF ATTACHMENTS:**

Ordinance